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Organizational Characteristics of Local Government Bodies in Japan in Comparison with Those of Private Business Entities

by Masao TAO*

I Introduction

Local governmental organizations such as cities and towns constitute a very important factor in the quality of citizens' life as the direct provider of public services. Yet, little is known as to the way they are actually organized, while we know much better about organization of private enterprises.

In Japan, the local governmental organizations are the exclusive supplier of social welfare services, while the very concept of democratic self-government itself cannot be said to have been firmly established among people yet. For these reasons, character of the Japanese local governments is quite different from that of other Western countries and especially from that in the United States. We might say that the latter is more like a speciality store, where in Japan the local governments operate like department stores or supermarkets, providing full range of diverse services to the local inhabitants on an exclusive basis.

Therefore, if we want to make a comprehensive appraisal of the general standard and quality of public service in Japan, it is important to understand how then local governments are organized, but in this respect, our knowledge so far has been far from abundant to allow us meaningful evaluation, and this perhaps is the reason why we tended to focus our attention to peculiarity of the organizational patterns of Japanese local government bodies. Clearly, we need to know much more, that is, how and in which ways the organization of Japanese local governments are peculiar. Comparison of the local governmental organization with that of private enterprise would provide us an effective approach to that and, because the latter has always constituted the basic models of organizational pattern. In this paper, the author proposes to undertake a comparison of organizational structures between the local governments and private enterprises in Japan.

Our comparison is made with regard to institutional as well as structural characteristics of public and private organizations. The data used in our study were made available from the results of survey done by the Local Government Research & Data Center (Minami-azabu, Tokyo). Of the massive data, we took those regarding cities and private enterprises, excluding those on prefectures, townships and public enterprises, because for the purpose of our survey, the term "local governmental organizations" applies to cities only. The prefectural governments and public enterprises are quite

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different in the way they function and for this reason they are not well suited to be taken as "local governments" for the purpose of our comparison. Townships are also considered not quite appropriate as their geographical location and other conditions would prevent meaningful comparisons with private business enterprises. It is for these reasons that we limited the scope of our comparison to cities on one part and private enterprises of medium and larger sizes.

With regard to sampling, we made a random extraction among all cities located in ten prefectures in the Metropolitan Area, Chukyo (Nagoya) Area and Kinki (Osaka-Kyoto) Area. This is because many of the private enterprises to be compared are concentrated to the urban areas and we needed to homogenize the background environment for our specific purpose.

As to the private enterprises, we picked up 666 corporations whose head offices were located within those ten urban prefectures out of the Diamond Company Directory by means of stratified random sampling. The initial sampling ratio was 15.9%. The sampled companies had more than 150 employees in case of manufacturers and more than 1000 employees in case of non-manufacturing companies. The reason for this is to maintain a relative balance in terms of the organizational size with regard to that of the local government bodies to be compared.

Table 1 shows number of the samples, that of recovery and recovery ratio. The survey was done by mailing request for answering on the questionnaire to those personnel responsible for general administration within the city governments and corporations to be surveyed, although other personnel were allowed, if necessary, to fill up the questionnaire form depending on the nature of questions asked. For instance, with regard to management policy, we requested senior management staff of the respondent companies to answer the questions. Many of the local government bodies returned the questionnaire forms as approved by the head of the organization. The survey was made during ten months from January to October, 1978.

Table 1 Number of Samples and Recovery

		Matrix Group	No. of Samples	Sampling Ratio	No. of Recovery	Recovery Ratio
Government (City)	Metropolitan	108	108	1.00	77	0.71
	Chukyo	64	64	1.00	33	0.52
	Kinki	62	62	1.00	44	0.71
	Total	234	234	1.00	154	0.66
Corporations	Construction	431	56	0.13	18	0.32
	Manufacturing	651	280	0.43	56	0.20
	Distribution	640	64	0.10	17	0.27
	Finance	580	58	0.10	17	0.29
	Utilities	1,240	124	0.10	6	0.05
	Service	646	84	0.13	13	0.15
	Total	4,188	666	0.16	127	0.19

II Organizational Form

(1) Organizational Size

In general, as a group grows in size, it has to deal with increasing volume of business, and this causes the group to divide its functions both vertically and horizontally. The group's internal structure thus becomes more complex, and in order to control the complex structure, various procedures are gradually standardized. This process is called development of bureaucracy, whose level is thought to correspond to the organizational size. With reference to Table 2, showing a comparison between the public and private organizations in terms of their size (or number of the regular members), we see that small companies are smaller than small cities and large companies are larger than big cities. The picture, however, is likely to be somewhat different today, as relative size of local government has become smaller in the following decade due to progress of administrative reform. In any event, when data comparison is made between the public and private organizations, it is important to remember that distribution of size is much larger for private enterprises.

Table 2 Number of Regular Employees

	0 100	101 200	201 500	5001 1000	1001 1500	1501 2000	2001 3000	3001 4000	4001 5000	5001 	Total	N
Cities												
small	—	—	100.0	—	—	—	—	—	—	—	100.0	19
medium	—	—	—	68.1	31.9	—	—	—	—	—	100.0	94
large	—	—	—	—	—	24.4	41.5	12.2	7.3	14.6	100.0	41
Company												
small	2.2	28.9	68.9	—	—	—	—	—	—	—	100.0	45
medium	—	—	—	66.7	33.3	—	—	—	—	—	100.0	39
large	—	—	—	—	—	16.3	30.2	14.0	11.6	27.9	100.0	43

From Table 3, we see that approximately 50% of company employees belong to head office even in case of smaller organizations while most of city staff work at the main office. These local governments have few branch offices. They may have small agency offices and outside representatives, but essentially whole business is done at the main city offices. This difference is likely to become much more significant as private companies are undergoing massive restructurization and corporate re-engineering with a result that their head offices are quickly shrinking in size.

(2) Span of Control

Span of control is considered one of the key measures of control efficiency. It refers to number of subordinates that a manager can effectively supervise. A large span of control means large number of subordinates under the manager, that is, there are relatively few number of supervisors in terms of size of the organization. Administrative costs are therefore less in such an organization, which is considered to be efficiently managed. On the contrary, a small span of control means fewer number of personnel reporting to a supervisor or manager. This generally implies existence of some type of

Table 3 Ratio of Employees Working at Head Office (%)

	0~40	41~60	61~100	Total	N
Cities					
small	—	52.6	47.4	100.0	19
medium	14.4	58.9	26.7	100.0	90
large	44.1	50.0	5.9	100.0	34
Companies					
small	47.1	14.7	38.2	100.0	34
medium	68.4	15.8	15.8	100.0	19
large	85.0	10.2	5.0	100.0	20

management problems. For example, if tasks are too complicated, closer attention must be given by the supervisor, and this restricts his span of control. Moreover, as the number of managerial personnel grows, internal communication tends to become excessively complex and difficult. Thus, there is certain relevance between span of control and capability of organization to accomplish operational targets. An organization having relatively large number of managerial personnel is normally considered to be inefficient.

Table 4 gives a comparison of local governments and private companies in terms of average number of sections within one department or division. In other words, the table shows the number of section chiefs under the control of one department or division manager, i.e., his span of control.

Table 4 Average Number of Sections per Department

	0~2.9	3~4.9	5~6.9	7~8.9	Over 9	Total	N
Cities							
small	—	46.2	46.2	7.7	—	100.0	13
medium	8.0	67.0	20.5	3.4	1.1	100.0	85
large	2.4	58.5	36.6	2.4	—	100.0	41
Companies							
small	76.9	23.1	—	—	—	100.0	39
medium	42.4	33.3	9.1	9.1	6.1	100.0	33
large	35.9	33.3	17.9	—	12.8	100.0	39

We can see from the table that larger organization takes larger number of sections per department both for local governments and private companies. This shows that growth of size promotes division of work in general. Yet, local governments tend to have more sections per department. Existence of deputy managers and assistants makes simple comparisons risky, but nevertheless, it can be said that organization of local governments tends to be static and fixed especially in policy and functions, making it difficult to divide departmental functions even when growth of organization makes it desirable. On the other hand, private enterprises have much larger freedom of organization and choice of span of management control. Since local governments do not have such freedom, any addition of new line of activity automatically results in an enlargement of span of control of department

manager.

For management of a given organization to be really effective, span of control must be adequate. If a department grows too much in size, it will result in abnormal increase in the manager's span of control, and this allows chiefs of sections reporting to him to have greater degree of autonomy, simply because the manager can hardly be expected to be able to exercise full control over them. Actually, we noticed that the relative autonomy of sections was more conspicuous in the local governments than in corporations.

Section chief, on the other hand, has his own span of control, represented by the number of chief clerks reporting to him. However, the normal layout of offices in Japan where working spaces are not partitioned and desks are adjacent, it would be more reasonable to think that a section chief is required to exercise control over every clerk under him. In other words, his span of control consists of all people working in his section.

Table 5 shows a comparison of section chief's span of control between the local government and private corporations at their respective head offices. In case of cities, section chief's span of control tends to swell as the scale of organization increases, and generally speaking, the span is significantly larger compared to that held by section chiefs in private enterprises. As it was for department managers, the span of control of section chiefs in local government offices seem to exceed the appropriate magnitude, making circumstantial control quite difficult, and this should result in greater autonomy of workers reporting to him.

Table 5 Section Chief's Span of Control (Head offices, headcount)

	Less than 9.9	10~19.9	20~29.9	30~39.9	Over 40	Total	N
Cities							
small	5.3	78.9	15.8	—	—	100.0	19
medium	7.8	71.1	18.9	2.2	—	100.0	90
large	—	58.3	33.3	5.6	2.8	100.0	36
Companies							
small	38.5	43.6	10.3	—	7.7	100.0	39
medium	48.5	30.3	9.1	6.1	6.1	100.0	33
large	31.6	52.6	10.5	5.3	—	100.0	38

Table 6 shows the ratio of number of managerial personnel to that of total employee working at head offices of the local government and private companies. The ratio is higher for private enterprises, mainly because in the latter, there are many staff doing supervisory job for local plants and branch offices controlled by the head offices, whereas in the local governments, the main offices have a large number of direct or field workers.

While span indicates horizontal scale of an organization, level of hierarchy shows vertical scale. A "tall" organization means there are several layers of supervisory functions. If excessive, this will result in lack of communication and operational inefficiency within the organization.

In general, organizations with narrow span of control and tall hierarchial structure are considered to be costly and inefficient. On the average, the number of managerial hierarchy is 7.7 for small

Table 6 Ratio of Managerial Personnel at Head Office (%)

	Less than 19.9	20~30.9	Over 40	Total	N
Cities					
small	25.0	75.0	—	100.0	16
medium	25.3	72.0	2.7	100.0	75
large	25.3	60.7	—	100.0	28
Companies					
small	23.3	63.3	13.3	100.0	30
medium	31.6	47.4	21.1	100.0	19
large	25.0	54.2	20.8	100.0	24

cities and 8.5 for large cities, while it is 7.5 for smaller corporations and 8.2 for large ones. There is no meaningful difference, therefore, between local governments and private enterprises in this respect, that is, “height” of organization. As it is, we might say that both are same in stature but private enterprises are leaner.

In summary, we can see that organization of local governments are essentially centralized as there is less division of functions compared to private companies. Management and direct work are not separated functionally. Furthermore, number of supervisory personnel is relatively small and each has larger span of control. As the result, the local government office resembles to an obtuse triangle, and this pattern has significant effect on functional characteristics of the local government as we shall see in the following discussions.

III Decision-making

(1) Top Management

Table 7 is a comparison of the ratio of top management headcount (i.e., those who are members of the official meeting for taking of decisions regarding basic policies of administration/company management) to total number of personnel within organizations. It can be seen that the relative scale of top management become smaller as organization grows, and this trend is quite natural, although it is less conspicuous for local government.

Table 7 Share of People Involved in Top Decision-Taking in Total Number of Personnel in an Organization (%)

	~1	~2	3~5	5~	Total	N
Cities						
small	—	23.5	47.0	29.4	100.0	17
medium	6.7	61.8	28.0	3.3	100.0	89
large	88.9	8.3	2.8	—	100.0	36
Companies						
Small	2.5	25.0	57.5	14.7	100.0	40
medium	35.1	51.4	13.5	—	100.0	37
large	95.0	5.0	—	—	100.0	40

In private enterprises, decision-making at the top level involves no more than the chief executive and a small number of senior management directly reporting to him, whereas the number of people participating to decision-making tends to be much larger in local government because the meeting often takes decisions on trifle matters and minute coordination is required among different functional groups due to bureaucratic needs.

In local government, the top executive tends to be more involved in coordination between departments and the real decision-making authority delegated to lower level. The process of coordination is quite complex and takes a substantial amount of organizational intelligence (held by senior experts having high level of skill in those matters), yet on the other hand, lower level functional groups strive to have access to the decision-making process because of their own interests. Thus, the lower level groups also need their own intelligence in order to have own ideas in terms of policies and principles.

Inasmuch as the decision-making authority is more widely distributed in local governments, and if we assume "intelligence" can be interpreted as importance of staff functions, we may expect that local governments have larger number of staff compared to private enterprises. However, as Table 8 shows, ratio of staff personnel at main offices tends to be larger in private enterprises, and same can be seen if we compare whole organization. Thus, we cannot say that local governments have more management resources in terms of staff. It is certainly true that in local governments, there is fierce competition and even antagonism among departments, and they often cannot resolve the differences between themselves.

This means that although decision-making authority is delegated to the lower levels the top executive still has to coordinate conflict of interests arising among his subordinates. Clearly, local governments do not have adequate number of general staff which is indispensable for internal coordination and better efficiency.

Table 8 Share of Staff in Head Office Personnel (%)

	~10	~20	~30	~100	Total	N
Cities						
small	12.5	56.3	12.5	18.8	100.0	16
medium	27.8	57.0	11.4	3.8	100.0	79
large	28.6	57.1	8.6	5.7	100.0	35
Companies						
small	26.3	21.1	18.4	34.2	100.0	38
medium	16.3	24.1	17.2	48.3	100.0	29
large	5.1	15.4	25.6	53.8	100.0	39

From Table 9, we see that general staff (those who are responsible for supporting top management) such as the Mayor's Office (President's office), planning and public relations officers, are more common among local governments. This is because they need those general staff, however small they might be. All local governments tend to develop staff functions around the top.

Table 10 gives us an interesting interpretation of the role of top management. It shows how far

lower hierarchy are allowed to report directly to the top executive, and we can see that in local governments, the direct reporting relationship extends to much lower levels compared to private enterprises.

Table 9 Existence of General Staff and Their Ratio of Headcounts in Head Office (%)

	General staff existing	Percentage of general staff population at head office				General staff not existing	Total	N
		0~2	3~5	6~9	10~			
Cities								
small	57.9	18.2	36.4	27.3	18.2	42.1	100.0	19
medium	73.4	23.1	41.5	29.2	6.2	26.6	100.0	94
large	75.6	42.3	34.6	23.1	—	24.4	100.0	41
Companies								
small	26.7	44.4	11.1	22.2	22.2	73.3	100.0	45
medium	74.2	33.3	22.2	22.2	22.2	25.6	100.0	39
large	62.8	53.8	26.9	11.5	7.7	37.2	100.0	43

Table 10 Organizational Levels in Head Office Allowed to Report Directly to the Top Management (%)

	Division Manager	Department Manager	Assistant Manager	Section chief	Assistant Section chief	Chief clerk	Clerk	Total	N
Cities									
small	—	15.4	—	61.5	7.7	15.4	—	100.0	17
medium	2.6	32.1	6.4	50.0	5.1	3.8	—	100.0	89
large	12.1	45.5	—	39.4	—	3.0	—	100.0	36
Companies									
small	—	50.0	5.9	35.3	—	8.8	—	100.0	40
medium	3.7	44.4	11.1	25.9	7.4	7.4	—	100.0	37
large	12.5	62.5	3.1	15.6	—	6.3	—	100.0	40

Hierarchy can exist only on the basis of principle that the line of command is centralized. Orders are given by section chief to head of clerk, or by department manager to section chief, while report goes up on the other way. If these lines of command and reporting are broken or commingled, the bureaucracy in its strict sense cannot function, as there is no clear and formal process of delegation of authority. The functional area at the top then expands beyond reasonable limits and decision in such an event is unlikely to come at the right time. Obviously, this will present a serious problem of organizational efficiency in achieving tasks to be done.

All this amounts to say that in local governments, the top is required to coordinate conflict of interests of lower functional groups, which is more intense than in private enterprises, merely because they lack adequate staff whose essential tasks include exercise of such coordination among organizational units. Most of the staff resources are concentrated at the top level, and this results in excessive growth of general staff both in power and scale. They tend to cause confusions in the bureaucratic principles, making the organization less rigid.

A comparison of types of decision-making process is given in Table 11. Respondents were

asked to identify their typical decision-making process from three types on an assumption that a new business undertaking requires planning and a decisions= (A) so-called "top-down" process, (B) "bottom-up" process, (C) decentralized and consensus-oriented process in which the top management, while retaining the final authority, leaves much to be done to his subordinates.

Table 11 Most Common Process of Making Decisions on Planning of New Line of Business/Undertaking (%)

(A) : The top (mayor/president gives the basic policy, which is studied by meeting at lower levels.					
(B) : The staff prepares a draft plan for review by senior management including mayor/president.					
(C) : Each department prepares own plan for review by inter-departmental meeting.					
	A	B	C	Total	N
Cities					
small	22.3	61.1	16.7	100.0	18
medium	34.6	48.1	17.3	100.0	81
large	27.8	44.4	27.8	100.0	36
Companies					
small	32.5	60.0	7.5	100.0	40
medium	22.9	68.6	8.6	100.0	35
large	27.8	66.6	5.6	100.0	36

The result shows that for local government, the (C) type of decision-making process is much more popular compared to private enterprises. This means that the top of local government is rarely involved in real decision-making process, and that collective decision-taking by different departments are common. In local governments, various interests of insiders and outsiders are so entangled that simple settlement by compromise is often impossible, and in such a case, the top is expected to assume the role of an arbitrator while exercising his authority at the same time. This "mixed" type of decision making shows that management authority is not centralized, but that the top is still expected to show strong leadership when necessary.

The reinforcement of general staff which we mentioned earlier results from an organizational pattern specific to local government in which decision is taken neither on the top nor by delegation, but collectively. The top may sometimes intervene directly in the process, but this does not mean that his judgement takes absolute precedence. Instead, he does so in order to mitigate departmental conflicts and internal competition, to harmonize conflicts between departments, the top needs to have a lot of insight, for which he must depend on the general staff. Thanks to their service, the top is able to exercise his own authority, but at a high cost in that the staff organization tends to grow excessively.

(2) Bureaucratization

If a local government is characterized by relatively significant autonomy of individual organizational units and delegation of decision-making authority while on the other hand the top management

functions are strongly in effect for the mere purpose of coordination of delegated authority, then we may assume that its organization is inadequate as a bureaucratic system.

Organization is a dynamic process and it is often compared to a living organism. It must strive to assert its existence in an unstable environment. An organization is inherently motivated to overcome uncertainty, and bureaucracy is one of the basic *doluyions*. It wants to be less dependent on arbitrary decisions and trial-by-error process in order to achieve stability of its basis of existence. There are two indices which can tell how far bureaucratic system is in progress in an organization: one is concentration-distribution of authority, and the other is standardization.

1) Concentration-decentralization of authority

This tells us where and at what level actual decisions are being made, i.e., the degree of delegation of authority. It is important to remember that decision can be taken informally, and apparent or official delegation does not necessarily mean decentralization. In this regard, we started from a comparison of the hierarchy level on which contracting in the amounts of ¥300,000 and ¥1,000,000 are authorized in local governments and private enterprises. The upper half of Table 12 shows the results. We may say that in local governments, a fairly large authority is delegated to middle management comprising department and section heads, while top management retains relatively large decision-making power in private enterprises. Clearly, decentralization of authority is more common among local governments so far as financial matters are concerned. It is rare for a local governmental organization to concentrate its resources to accomplish a single common task. Each department has its own undertakings which are carried out individually and in parallel by sections and subsections within the department. This decentralization of authority makes up the other face of budgetary system characteristic of public organizations.

The picture, however, is quite different regarding management of personnel. In this respect, decentralization of authority is more conspicuous among private enterprises. The lower half of Table 12 shows a comparison regarding who has the competence to promote rank-and-file employees to chief of subsection, and to transfer these employees between different organizational units. Clearly, these decisions take higher level at local governmental organizations compared to private enterprises.

Since local government conducts business individually by different organizational units, each has its own scope of responsibility. In many areas employees are not interested in what their colleagues in other departments are doing, and they are not required to cooperate. In private enterprises, horizontal relationship among organizational units are much stronger, and for this reason, so-called human relations are very important. To pursue a business, close cooperation among all units of the organization is essential, and a manager has to be well skilled in developing and maintaining good human relations in order to make the best use of human resources under his control. This importance of horizontal cooperation characterizes organizational structure of private enterprises in which personnel management has to be more decentralized.

In summary, we can say that decision-making in local governmental organization is more decentralized with regard to spending and more centralized as to management of personnel compared to private enterprises. Their bureaucratic system allows delegation of authority where deployment of financial resources are concerned, and this introduces certain flexibility to the organizational structure. The centralization of personnel management authority is a countermeasure to this relaxation of

control. In contrast, private business allows more freedom regarding use of human resources, but flow of money is more tightly controlled to make sure that the system works effectively.

Table 12 Centralization-decentralization of Authority (Budgetary Spending and Personnel Management)

	Chief Exec.	Top Management meeting	General Manager/ Director	Manager	Section Chief	Subsection Chief	Rank file level	Total (%)	Total Number
(1) Real decision maker for ¥30,000 budget spending									
Cities									
small	21.1	—	—	47.4	21.6	—	—	100.0	19
medium	2.2	—	12.0	46.7	39.1	—	—	100.0	92
large	2.6	—	—	38.5	53.8	2.6	2.6	100.0	39
Companies									
small	36.6	—	14.6	39.0	7.3	—	2.4	100.0	41
medium	25.8	—	19.4	35.5	12.9	6.5	—	100.0	31
large	17.8	—	11.8	44.1	26.5	—	—	100.0	34
(2) Real decision maker for ¥1,000,000 budget spending									
Cities									
small	50.0	—	33.3	16.7	—	—	—	100.0	18
medium	50.6	3.6	13.3	27.7	4.8	—	—	100.0	83
large	33.3	9.1	15.2	33.3	9.1	—	—	100.0	33
Companies									
small	62.5	15.0	12.5	7.5	2.5	—	—	100.0	40
medium	45.2	38.7	9.7	6.5	—	—	—	100.0	31
large	38.2	23.5	29.4	5.9	2.9	—	—	100.0	34
(3) Real decision-maker for promotion of rank & file employee to subsection chief									
Cities									
small	100.0	—	—	—	—	—	—	100.0	15
medium	91.9	—	4.7	2.3	1.2	—	—	100.0	86
large	92.7	2.4	4.9	—	—	—	—	100.0	41
Companies									
small	52.5	20.0	5.0	20.0	2.5	—	—	100.0	40
medium	43.8	21.9	25.0	9.4	—	—	—	100.0	32
large	27.8	13.9	33.3	22.2	2.8	—	—	100.0	36
(4) Real decision-maker for Transfer of rank- & file employees to different job									
Cities									
small	78.9	5.3	5.3	10.5	—	—	—	100.0	19
medium	75.0	—	8.0	15.9	1.1	—	—	100.0	88
large	70.7	—	14.6	14.6	—	—	—	100.0	41
Companies									
small	24.4	19.5	9.8	41.5	4.9	—	—	100.0	41
medium	29.0	9.7	19.4	35.5	6.5	—	—	100.0	31
large	10.8	8.1	40.5	37.8	2.7	—	—	100.0	37

2) Standardization

Standardization is one of the measures to indicate how far bureaucratic system is at work in an organization. It attempts to set by manuals standard procedures for actions to be taken in regard to specific matters. Table 13 compares the difference in the ground on which a decision is taken on the

same issues as we have already seen concerning concentration and decentralization of executive authority. With regard to the matter of spending on budget, we see that the standardization, that is, sets of explicit written rules on decision-making and authorization, is more developed in local governmental bodies than among private corporations. This is natural because those governmental bodies are subject to public surveillance and they must have relevant procedures and rules fixed in documents so that no arbitrary action can be taken. Obviously, private enterprises are have more freedom in this regard.

Table 13 Documentation of Authority

	Authority is established in writing	Authority is exercised by custom	Not Applicable	Total	N
(1) Real decision maker for ¥300,000 budget spending					
Cities					
small	26.3	—	73.3	100.0	19
medium	44.7	4.3	51.1	100.0	94
large	39.0	4.9	56.1	100.0	41
Companies					
small	53.3	33.0	13.3	100.0	45
medium	61.5	33.1	15.4	100.0	39
large	41.9	25.6	32.6	100.0	43
(2) Real decision maker for ¥1,000,000 budget spending					
Cities					
small	26.3	—	73.7	100.0	19
medium	42.6	4.3	53.2	100.0	94
large	39.0	4.9	56.1	100.0	41
Companies					
small	51.1	33.3	15.6	100.0	45
medium	61.5	23.1	15.4	100.0	39
large	41.9	23.3	34.9	100.0	43
(3) Real decision maker for promotion of rank & file employee to subsection chief					
Cities					
small	52.6	21.1	26.3	100.0	19
medium	44.7	28.7	26.6	100.0	94
large	56.1	34.1	9.8	100.0	41
Companies					
small	40.0	42.2	17.8	100.0	45
medium	48.7	28.2	23.1	100.0	39
large	37.2	27.9	34.9	100.0	43
(4) Real decision maker for transfer of rank & file employee to different job					
Cities					
small	42.1	42.1	15.8	100.0	19
medium	50.0	25.5	24.5	100.0	94
large	58.5	31.7	9.8	100.0	41
Companies					
small	35.6	51.1	13.3	100.0	45
medium	43.6	30.8	25.6	100.0	39
large	34.9	32.6	32.6	100.0	43

As to management of personnel, degree of standardization by written rules is less apparent in local government organizations, and we cannot see any marked difference from private enterprises in this regard, although at local governments documents seem to have greater precedence in general.

As such, we can state that overall, bureaucratic system within local government bodies tends to be pursued primarily through the process of personnel management, whereas in private enterprises, it is mainly by means of financial control that the bureaucratic system functions. In addition, we may say that standardization by means of written rules is more important in local public bodies where the personnel depend more on documents, and again, this is natural and necessary for public organizations to promote equity and fairness.

IV Personnel Management System

In the precedent section, we saw that control over personnel is more severe at local government in comparison with private enterprises. In this regard, Table 14-1 shows how assessment of personnel is being made at these organization, while Table 14-2 refers to availability of assessment standard. These tables tell us that the system of personnel administration is more rational in private enterprises. To be sure, organizationally speaking, there exists a very strong interest in personnel administration in the sense that local governments tend to emphasize discipline, while private enterprises are more interested in what the employees can accomplish. What they are concerned about is the performance as an output, and to evaluate what has been achieved, rather than to keep an eye on behavioral discipline of the employees.

Table 14-1 Existence of Personnel Appraisal (on subsection chief)

		Yes	No	Total	N
Cities	small	57.9	42.1	100.0	19
	medium	67.0	33.0	100.0	94
	large	68.3	31.7	100.0	41
Companies	small	86.7	13.3	100.0	45
	medium	92.3	7.7	100.0	39
	large	90.7	9.3	100.0	43

Table 14-2 Basis of Personnel Appraisal (subsection chiefs)

		By Manual	By Custom	Nothing special	Total	N
Cities	small	36.4	18.2	45.5	100.0	11
	medium	44.4	14.3	41.3	100.0	63
	large	60.7	17.9	21.4	100.0	28
Companies	small	71.8	15.4	12.8	100.0	39
	medium	80.6	16.7	2.8	100.0	36
	large	94.9	2.6	2.6	100.0	39

We may say, in a somewhat different way, that what is important to local governmental organization is the process rather than appraisal of results, whereas to private enterprises, evaluation of per-

formance result is more important. Also, because the purpose of local government is to provide service to citizens, and it is not practical to evaluate such services on the basis of what they have achieved in terms of quantity or end results, such organizations tend to attach more importance to disciplinary control. The difference in the personnel administration approach reflects quite explicitly the cultural gap between local governments and private enterprises.

Table 15 shows key points of appraisal of personnel. Our questionnaire asked which of:

- (a) Persuasion — skill in communication and coordination
- (b) Creativity — capability to produce new ideas and plan

is considered to be more important in evaluating rank-and-file, subsection chief and section chief, respectively. In case of local governmental organization, creativity is the most important factor in appraisal of ordinary employees and subsection chiefs although not so much in the latter's case.

Table 15 Key Points in Personnel Appraisal

	Rank & File		Subsection chief		Section chief	
	Persuasion Coordination	Creativeness Planning	Persuasion Coordination	Creativeness Planning	Persuasion Coordination	Creativeness Planning
Cities						
small	—	100.0	71.4	28.6	100.0	—
medium	2.5	97.5	12.5	87.5	83.8	16.2
large	9.1	90.9	26.1	73.9	82.4	17.6
Companies						
small	21.6	78.4	37.8	62.2	64.1	35.9
medium	20.0	80.0	40.6	59.4	51.5	42.4
large	17.9	71.4	31.0	62.1	76.7	16.7

In contrast, section chiefs in local government are evaluated more on the basis of their skill in communication and coordination. This division of skill can also be seen in private enterprises, although it is much more conspicuous with local governmental organization.

These findings are consistent with the results already seen. In local governmental organizations, decision making process is delegated farther down management hierarchy where, in addition, authority is much more decentralized compared to private enterprises. In fact, drafting of a plan is often done by rank-and-file employee, and a decision the organization is to take becomes clear during the process in which the proposal moves up on the ladder of hierarchy. For this reason, we can say that the "ringi" system (the process of arriving at a management consensus) is quite effective in local governmental organizations, while in private enterprises, it is the middle management such as section chiefs and department managers who are responsible for planning.

On the other hand, in local governmental organization, group identity becomes stronger in lower levels because they tend to be bound by clearly defined interests. As a decision taken at a low level is conveyed to higher levels of organization, there arises inevitably serious conflict of interests with other groups in the organization, and this means that at these higher levels, adjustment and harmonization of different group interests become quite important, especially because organizational span of a department or a section is usually wider in public organizations and this adds further complica-

tion to the conflicts. In these cases, higher management must be skillful in negotiation and coordination.

In short, local governmental organization is structured in such a way that decentralization of authority occurs on its own, and this makes it essential for management to devote much effort to coordinate and harmonize different interests within the organization.

V Conclusion

Thus, in comparison to private enterprises, organizational structure and management system of local government show the following characteristics :

- (1) Organizational span is much larger, so that individual units such as department and section tend to be large as well. Structurally, the organization is more flat compared to private enterprises.
- (2) Authority is more delegated, moving the main body of decision making to lower units of administrative hierarchy, who tend to enjoy greater autonomy of action. As the result, competition among different organizational units are more intense.
- (3) Yet, these lower organizational units do not have adequate staff resources and for this reason, they are often unable to coordinate difference of interests with other units. As the result, decision-making process ends up by moving upward, requiring the chief executive to make the final decision.
- (4) Because of this, top management functions tends to grow in scale and this often to an excessive degree. General staff in consequence also increase in many cases.
- (5) Development of bureaucracy in local governmental organization takes place in the form of personnel administration by way of control over job transfer. In contrast, control on financial and logistic matters as less strong. Written rules and routine procedures apply even to small details of action. There is a marked difference from management style of average private enterprises in which bureaucratic system is maintained by means of control over finance and material, and this is in support of our review in the preceding section.

From the above, we can see that cities as governmental organization are bureaucratic in nature but not quite entirely. For this reason, classical model of bureaucracy sometimes fails to explain actual pattern of organization and its behavior. In this sense, local government is not a bureaucratic organization in a strict sense.

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